

**Education Cabinet
Employment and Training**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		398,300	410,900		
Total General Fund		398,300	410,900		
Restricted Funds					
Current Receipts	3,015,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Restricted Funds	3,015,000	3,000,000	3,000,000	3,000,000	3,000,000
Federal Funds					
Balance Forward	201,800				
Current Receipts	669,136,400	679,497,800	681,941,300	672,218,400	672,371,200
Total Federal Funds	669,338,200	679,497,800	681,941,300	672,218,400	672,371,200
TOTAL SOURCE OF FUNDS	672,353,200	682,896,100	685,352,200	675,218,400	675,371,200
EXPENDITURES BY CLASS					
Personnel Cost	44,706,900	55,520,900	57,922,100	48,153,900	48,251,800
Operating Expenses	11,397,300	11,140,700	11,195,600	10,830,000	10,884,900
Grants, Loans or Benefits	616,249,000	616,234,500	616,234,500	616,234,500	616,234,500
TOTAL EXPENDITURES	672,353,200	682,896,100	685,352,200	675,218,400	675,371,200
EXPENDITURES BY FUND SOURCE					
General Fund		398,300	410,900		
Restricted Funds	3,015,000	3,000,000	3,000,000	3,000,000	3,000,000
Federal Funds	669,338,200	679,497,800	681,941,300	672,218,400	672,371,200
TOTAL EXPENDITURES	672,353,200	682,896,100	685,352,200	675,218,400	675,371,200
EXPENDITURES BY UNIT					
Employer and Placement Services	22,824,900	25,778,500	26,584,600	23,682,600	23,728,100
Unemployment Insurance	582,411,900	589,319,300	590,725,200	584,210,800	584,306,500
Special Programs	4,071,300	4,400,300	4,560,100	4,098,000	4,100,200
Workforce Investment Act	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400
TOTAL EXPENDITURES	672,353,200	682,896,100	685,352,200	675,218,400	675,371,200

The Office of Employment and Training (OET) administers federally-funded programs that provide employment related services to the citizens of Kentucky. OET provides a wide array of high quality, professional services to employers and job seekers which result in economic stability for the individual and further the economic well-being of the Commonwealth. These services include employment counseling, testing, assessment, job search assistance, and placement services to all citizens, as well as training programs for dislocated workers and other individuals who are economically disadvantaged.

The majority of the programs in the Office are funded by federal grants, with the principle revenue source derived from the Unemployment Insurance (UI) program. The federal government, through the employer-paid Federal Unemployment Tax Act (FUTA), provides the Office's operating and capital funding for the two programs.

The Office also receives funds to administer several smaller programs that are related to UI and Employment Services, including: Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, Alien Farmworker Housing Inspections, and Temporary Assistance for Needy Families (TANF). OET administers training programs under the Trade Adjustment Assistance program, Title I of the Workforce Investment Act, and the North American Free Trade Agreement (NAFTA)-Transitional Adjustment Assistance and the NAFTA-Transitional Readjustment

**Education Cabinet
Employment and Training
Employer and Placement Services**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Restricted Funds	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Federal Funds					
Current Receipts	19,824,900	22,778,500	23,584,600	20,682,600	20,728,100
Total Federal Funds	19,824,900	22,778,500	23,584,600	20,682,600	20,728,100
TOTAL SOURCE OF FUNDS	22,824,900	25,778,500	26,584,600	23,682,600	23,728,100
EXPENDITURES BY CLASS					
Personnel Cost	14,884,700	17,707,600	18,513,700	15,660,000	15,705,500
Operating Expenses	3,361,600	3,492,300	3,492,300	3,444,000	3,444,000
Grants, Loans or Benefits	4,578,600	4,578,600	4,578,600	4,578,600	4,578,600
TOTAL EXPENDITURES	22,824,900	25,778,500	26,584,600	23,682,600	23,728,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Federal Funds	19,824,900	22,778,500	23,584,600	20,682,600	20,728,100
TOTAL EXPENDITURES	22,824,900	25,778,500	26,584,600	23,682,600	23,728,100
EXPENDITURES BY UNIT					
Job Placement Services	13,758,000	15,947,900	16,519,500	14,305,700	14,332,700
Special Employment Services	7,336,300	7,887,600	8,032,000	7,604,600	7,620,900
Employment Information Support	1,730,600	1,943,000	2,033,100	1,772,300	1,774,500
TOTAL EXPENDITURES	22,824,900	25,778,500	26,584,600	23,682,600	23,728,100

There are two objectives of the Employer and Placement Services program. The first is to assist individuals who are unemployed, underemployed, or simply seeking to change their employment situation. The second is to assist employers in obtaining qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement.

Policy

Notwithstanding KRS 341.835, the Governor's recommended budget provides that the Office of Employment and Training may use funds from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund during each fiscal year of the biennium for employment and training programs. Reed Act funds may be used for employment and training programs subject to prior approval of the State Budget Director and the provisions of KRS 48.630.

Allowances programs. These programs are designed to provide temporary income maintenance through UI to individuals who are unemployed through no fault of their own, and to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment. Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

The Department is also responsible for assessing and collecting taxes from employers to distribute benefits to those who qualify for unemployment compensation.

Policy

Notwithstanding KRS 341.835, funds in an amount up to \$3,000,000 from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund shall be used during each fiscal year by the Office of Employment and Training to operate employment, training, and unemployment insurance programs.

In addition to supplementing the Unemployment Insurance Trust Fund, Federal Funds made available to Kentucky as a result of Reed Act distributions under Section 903(d) of the Social Security Act, as amended, may be used for the administration of the unemployment compensation law and the public employment offices for costs allowable under the Unemployment Insurance and Wagner-Peyser Programs in fiscal years 2006, 2007, and 2008 upon prior approval by the Office of State Budget Director.

**Education Cabinet
Employment and Training
Unemployment Insurance**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		398,300	410,900		
Total General Fund		398,300	410,900		
Federal Funds					
Balance Forward	201,800				
Current Receipts	582,210,100	588,921,000	590,314,300	584,210,800	584,306,500
Total Federal Funds	582,411,900	588,921,000	590,314,300	584,210,800	584,306,500
TOTAL SOURCE OF FUNDS	582,411,900	589,319,300	590,725,200	584,210,800	584,306,500
EXPENDITURES BY CLASS					
Personnel Cost	25,520,000	32,727,900	34,078,900	27,868,600	27,909,400
Operating Expenses	6,891,900	6,591,400	6,646,300	6,342,200	6,397,100
Grants, Loans or Benefits	550,000,000	550,000,000	550,000,000	550,000,000	550,000,000
TOTAL EXPENDITURES	582,411,900	589,319,300	590,725,200	584,210,800	584,306,500
EXPENDITURES BY FUND SOURCE					
General Fund		398,300	410,900		
Federal Funds	582,411,900	588,921,000	590,314,300	584,210,800	584,306,500
TOTAL EXPENDITURES	582,411,900	589,319,300	590,725,200	584,210,800	584,306,500
EXPENDITURES BY UNIT					
Unemployment Insurance Administration	32,411,900	39,319,300	40,725,200	34,210,800	34,306,500
Unemployment Insurance Benefits	550,000,000	550,000,000	550,000,000	550,000,000	550,000,000
TOTAL EXPENDITURES	582,411,900	589,319,300	590,725,200	584,210,800	584,306,500

The purpose of the Unemployment Insurance (UI) program is to provide temporary financial assistance to workers who become unemployed through no fault of their own, in the form of regular UI benefit payments in an amount determined by the claimant's wage history. Regular UI benefits are funded entirely through payment of the state unemployment taxes by employers within the state determined liable under KRS Chapter 341 based upon the size and duration of payroll.

Within the Office of Employment and Training, the Division of Unemployment Insurance supports the claims activities initiated in the local offices of the Division of Field Services. In the central office, the Benefit Branch ensures and accounts for the proper payment of regular UI and federal program benefits, including the determination of chargeability to a specific employer for the cost of each regular UI claim. In cases where benefits have been drawn in error, the branch pursues restitution and, if fraud is involved, pursues prosecution of the claimant. The Benefits Branch also operates an interstate claims "local office" to serve claimants covered under Kentucky law but filing from other states.

In addition to regular UI benefits, the program also administers payment of federal benefits to unemployed federal employees and discharged military personnel, those affected by changes in international trade, those affected financially in federal disaster areas, and those covered under the Extended Unemployment Compensation program. With the exception of partial payment from state UI funds in the case of some extended benefits, these programs are financed by employer federal unemployment tax collected by the Internal Revenue Service.

The administrative component of the UI program provides benefit payments based on earnings in a specific transaction period. Revenues for this program are derived from a federal unemployment tax on employers' payrolls.

KRS Chapter 341 provides the statutory authority and structure for the operation of the UI program in Kentucky. With regard to most particulars involving worker coverage, benefit entitlement, and employer liability, KRS Chapter 341 conforms to federal unemployment law derived from the Social Security Act of 1935. This state and federal statutory conformity is required in order for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.

Policy

The Governor's recommended budget provides that the Office of Employment and Training may use funds from the Unemployment Insurance Penalty and Interest Account in the Unemployment Compensation Administration Fund during each fiscal year of the biennium for unemployment administration purposes. Reed Act funds may be used for unemployment insurance administration subject to prior approval by the State Budget Director and the provisions of KRS 48.630.

**Education Cabinet
Employment and Training
Special Programs**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	15,000				
Total Restricted Funds	15,000				
Federal Funds					
Current Receipts	4,056,300	4,400,300	4,560,100	4,098,000	4,100,200
Total Federal Funds	4,056,300	4,400,300	4,560,100	4,098,000	4,100,200
TOTAL SOURCE OF FUNDS	4,071,300	4,400,300	4,560,100	4,098,000	4,100,200
EXPENDITURES BY CLASS					
Personnel Cost	2,882,100	3,305,500	3,465,300	3,008,800	3,011,000
Operating Expenses	799,200	704,800	704,800	699,200	699,200
Grants, Loans or Benefits	390,000	390,000	390,000	390,000	390,000
TOTAL EXPENDITURES	4,071,300	4,400,300	4,560,100	4,098,000	4,100,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,000				
Federal Funds	4,056,300	4,400,300	4,560,100	4,098,000	4,100,200
TOTAL EXPENDITURES	4,071,300	4,400,300	4,560,100	4,098,000	4,100,200

The Special Projects Program covers three contractual programs offered by the Office of Employment and Training.

Dislocated worker services, under Title I of the Workforce Investment Act, are funded through 11 workforce investment areas across the state. In two areas, the administrative entity has contracted with the Department to provide a full range of applicant services to dislocated workers.

The National Reserve Grant, funded by the U.S. Department of Labor, enables the Office of Employment and Training to provide services to dislocated workers from the garment industry whose jobs were impacted by foreign trade. Under this grant, the agency provides assessment, counseling, testing, brokers for retraining, and job placement assistance to eligible dislocated workers.

Under contract with the Cabinet for Health and Family Services (CHFS), the Office of Employment and Training has implemented a strategy and program to help adult Kentuckians make the transition from welfare dependency to long term self-sufficiency. The Office performs an employment assessment on each participant referred by CHFS, Department for Community-Based Services, to determine needs and skills. An "Employability Development Plan" is created for each participant that includes an employment goal and a series of activities necessary to reach that goal, including high school and equivalency programs, basic and remedial education, work readiness activities, and job skills training.

**Education Cabinet
Employment and Training
Workforce Investment Act**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400
Total Federal Funds	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400
TOTAL SOURCE OF FUNDS	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400
EXPENDITURES BY CLASS					
Personnel Cost	1,420,100	1,779,900	1,864,200	1,616,500	1,625,900
Operating Expenses	344,600	352,200	352,200	344,600	344,600
Grants, Loans or Benefits	61,280,400	61,265,900	61,265,900	61,265,900	61,265,900
TOTAL EXPENDITURES	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400
EXPENDITURES BY FUND SOURCE					
Federal Funds	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400
TOTAL EXPENDITURES	63,045,100	63,398,000	63,482,300	63,227,000	63,236,400

On July 1, 1999, Kentucky implemented the Workforce Investment Act (WIA) to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. Passed by Congress on August 7, 1998 (Public Law 105-220), this reform includes streamlining services through a one-stop service delivery system, empowering individuals through information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for local boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

The Workforce Investment Act specifies three funding streams to the states and local areas: adults, dislocated workers, and youth.

Most services for adults and dislocated workers are provided through the "one-stop" system, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes "core" services available to all adults (with no eligibility requirements), and "intensive" services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job.

Youth are prepared for postsecondary educational opportunities or employment. Programs link academic and occupational learning. Programs include tutoring, study skills training, and instruction leading to completion of secondary school (including drop-out prevention); alternative school services; mentoring by appropriate adults; paid and unpaid work experience (i.e. internships and job shadowing); occupational skills training; leadership development; and appropriate supportive services.

The Commonwealth of Kentucky has applied for and received WIA Section 503 Incentive Grants. These grants are awarded to states that have exceeded performance levels for WIA Title I programs, WIA Title II Adult Education and Family Literacy programs and Carl D. Perkins Vocational and Technical Education Act programs. These funds are used to carry out any one or more innovative programs under Titles I or II of WIA or the Carl D. Perkins Vocational and Technical Education Act, regardless of which Act is the source of the incentive funds.